

CITIZENS' REVENUE REVIEW AND ECONOMIC COMPETITIVENESS COMMISSION

MEETING MINUTES FOR WEDNESDAY JULY 14, 2010, AT 6:00 P.M. Jacobs Center for Neighborhood Innovation 404 Euclid Avenue San Diego, CA 92114

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Welcome: Tony Young

Councilmember Tony Young welcomed everyone to the center. Mr. Young thanked the commission for their work and welcomed the commissioners to the 4th district. He noted that the commission was started by his office and stressed the importance of outreach through the community meetings.

Mr. Young explained the focus of the commission is on competition and revenue. The goal is to make San Diego compete with other cities throughout the state. Achieving this objective requires welcoming successful businesses, establishing a good climate for business, creating more revenue, and providing for more services from the fund.

San Diego is experiencing a running structural deficit. The city council and mayor are looking at ways to address the gap. The CRREC Commission plays an important role in what the city is trying to accomplish. The commission is looking for discussion and new ideas from citizens.

The city values the contributions of citizens and Mr. Young thanked everyone for their participation in the process.

Chair Bob Nelson

Chair Bob Nelson observed that a **quorum was present** for the regularly scheduled meeting, and the **meeting was called to order**.

NON-AGENDA PUBLIC COMMENT

- Guy Pruss, Resident of Paradise Hills
 - Believes the city should take the following actions:
 - Raising Revenue – penny saved, penny earned
 - Lowering Sales tax to 5%
 - Sell both stadiums and the sports arena
 - Sell interest in the trolley systems
 - Sell interest in the Convention Center

- Stop funding homeless shelters (such as in OB) – charity is a mission of private individuals
- The stated measures will go a long way to funding fiscal responsibilities.
- Kathleen MacLeod – Rosemont Neighborhood Council (RNC)
 - Thanked the commission for coming today.
 - Expressed that the commission should be sure to provide transparency and accountability to demonstrate community members are valued and so the commission is accountable. She suggested a history of prior meetings, what happened, feedback noted on website, and personal collective decisions recorded.
 - Ms. MacLeod concentrated on her belief that neighborhood code compliance, is an “apparent exception” to the city’s full cost recovery policy (100-05)
 - Somehow policy only applies if fees are charged (omits fines)
 - Shared example of case that the Rosemont Neighborhood Council has been working on a case for 3 years (requiring assistance of both staff and city atty).
 - 15 criminal charges and a 375 day jail, almost \$15k fines
 - Landlord gets 3 years of not having to pay
 - RNC supports policies that balance private prop rights with neighborhood improvement goals and a financing mechanism to ensure this balance. RNC would like to see a neighborhood code compliance budget, significantly funded from fines collected from recalcitrant code violators. The fine scheme should be progressive, encouraging responsible behavior initially, and increasing as needed to offset and deter all increased levels of city service. If the city auditor does not have time for these fine collections, they could be outsourced to a firm that specializes in this type of work.
- Salameshia Logan—Green-collared jobs
 - 2 questions that she would like the commission to respond to during the discussion:
 - Has the city looked at developing green-collar jobs here?
 - Has the mayor signed the local government green job pledge?

COMMISSIONER COMMENT

CITY ATTORNEY, IBA, CITY AUDITOR COMMENT

INFORMATION ITEMS

ITEM-I Brief overview of the Commission by Chairman Bob Nelson

Mr. Nelson thanked Council District 4, Eduardo Luna, Councilmember Young, Commissioner Barros, and Jennifer Vanica and Ron Cummings from the Jacobs Center.

Reiterated that the commission hoped to get feedback from the community on ways to keep San Diego competitive. Attracting jobs and business are critical, as well as considering ways for the city to generate revenue.

Mr. Nelson explained the plan for the meeting, including presentations, discussions, and commentary. He stressed that the citizens should rank their choices. The commission is interested in knowing which options residents' support and which they disapprove of.

ITEM-2 Presentation regarding the City of San Diego's Budget – by Breanna Zwart

City Budget Overview

General Fund includes core community services (libraries, park & rec, public safety)

- 2011 FY \$1.1 Billion
- Property, sales, transient occupancy (TOT) = 66% of fund revenues

Total City Budget

- 2011 FY \$2.76 B (gen fund is 40% of that)

Shortfall of \$179 M in Nov 2009 when presented

- Has been revised, so projected shortfalls were reduced, but still need to find ways to reduce the gap.

Citizen's Survey

The city completed a random telephone survey of 600 households. The majority of respondents felt San Diego is a good place to live. The satisfaction level with city services was mixed. Twenty-five city services were ranked. Trash collection and fire response were the highest level of satisfaction. Citizens were also asked if they would consider paying more for certain services (through taxes or fees). These numbers were then correlated with satisfaction levels, to create a priority-spending index. Nine areas were found to have high rankings, with top priorities being the condition of city streets, and police and fire response.

Several (six) strategies to deal with the deficit were proposed to citizens. Most (74%) of respondents approved of usage of more private contractors or managed competition as a solution. Two strategies received majority approval, but also disapproval.

- Increased fees to avoid service reductions (59% approved, 36% disapproved)
- Combination of new revenues and service cuts (52% approved, 40% disapproved)

Three remaining received about disapproval about equal to approval.

- Further reduction to city employee salaries/benefits.
- Generate new revenue by increased taxes to avoid service reductions
- Eliminate or further reductions to city services

ITEM-3 Presentation regarding various Economic Competitiveness proposals

discussed by the Commission – by Ms. Moser

- Goals are to retain existing businesses, attract new businesses, and develop business.
- Commission has already heard from several groups.
- Suggestions fall into two categories: Business Incentives & Quality of Life

Business Incentives

- Ease of use—forms, permit applications, payments, automated on website, 24/7 (not have to physically come downtown to deal with)
- Develop Services should make their Historical review process easier for buildings that do not change historical character of the building
- Fees charged to industrial/commercial developers (linkage fees) to help pay for affordable housing should stay as they are today.
- Preserve and implement the CCDC (City Center Development Corp.) model for other redevelopment areas of the city.
- Expedited and lower cost development processing for healthcare facilities.
- Expand opportunities for business to self-certify compliance with environmental and other building relations.
- Revise parking standards for new residential projects to allow developers to use tandem, shared, and other alternatives.
- Reduced parking requirements for projects that are accessible to high-frequency public transit.
- Implement a parks master plan, which provides a consistent way for development projects to use park equivalencies.

Quality of Life

- Reducing water pollution by significantly improving storm water runoff programs.
- Campaigning for the passage of a city infrastructure bond measure that would finance key sewer, water, road, storm water, park, and public facilities. Financing plan would be modeled after the Prop MM measure (schools).

ITEM-4 Table discussions: discuss the economic competitiveness options presented. Please share any additional ideas you may have.

ITEM-5 Table Reports: Each table selects a spokesperson and report on their table discussions.

ITEM-6 Presentation regarding various Revenue options discussed by the Commission – by Mr. Barros

- Sales & Use Tax (0.05% currently 8.75, would raise to 9.25%)
 - SD is tied for lowest in SD County, one of the lowest of major CA cities
 - Estimated revenue \$103 M
- Business Tax (restore 1993 rates of \$125 flat fee, plus \$5 per employee)
 - Currently: small business \$34, and large (18+ employees) \$125 plus \$5 employee
 - Generate \$8.3 M estimated revenue

- SD has one of lowest business taxes of major CA cities
- Average business taxes/yr: San Diego \$79, San Jose \$233, LA \$1281
- Residential Trash Fee
 - Most residents do not pay direct fee currently
 - Costs city \$34 M for trash collection
 - Proposes \$34 M to cover the costs
 - 1919 People's Ordinance enacted, which did not allow for a fee charge for residential trash collection. Approval would require vote of residents and council.
- Commercial Parking Tax
 - No current commercial parking tax charged
 - Proposed tax of 10% on commercial parking facilities
 - Estimated revenue gained of \$31 M.
- Parking Fees near Beach
 - Estimated revenue of \$2.8 M.
 - Recover costs of parking and traffic control, street and beach maintenance.
- Mission Bay Park & Rec Parking Fees
 - Estimated revenue of \$5.2 M.
 - Cost of service study would need to be completed (only allowed to charge based on the cost).
- Fire Alarm Fee
 - Currently if you have a false alarm, first time fee is \$100, 4th time is \$2200.
 - Similar proposal for fire alarm permit.
 - Estimated \$3 M in revenue to be generated.
- Corporate Sponsorship
 - In 1990 the city established municipal marketing program, which has risen \$20 M.
 - Revise sign ordinance to allow different types of outdoor advertising (focused on beach area – 22 M visitors).
 - Estimated \$3M in revenue.
- Sale/Lease of Rights to Operate City Properties
 - (E.g. airports, golf course, landfill, etc.)
 - One-time or ongoing payments
 - Unknown estimation of revenue to be raised.

ITEM-7 Table discussions: discuss the revenue options presented. Please share any additional ideas you may have.

ITEM-8 Table Reports: Each table selects a spokesperson and report on their table discussions.

- Darcy
 - 1-3 are top priorities
 - Sales/Use: Moot.
 - Bus: As a small business owner, believe this would hurt small businesses. Suggested a tax based on gross/adjusted revenue, and have it based on a percentage.
 - Trash: Currently a \$50 nonrefundable deposit on containers. If new fee were based on container size, it would be understandable.
 - Comm Park: 10% is somewhat high, because it will be passed on to consumers, who will not be happy.
 - Beach/Bay: Needs to be a discussion about how this would occur (meters?) and how much of a fee would be collected.
 - False Fire: Suggestion consideration for children/disabled persons.
 - Sale/Lease: Property should only be sold if SD has absolutely no interest in property.
- Name Unknown
 - Sales/Use: Already too high, and should be left alone.
 - Bus: Reasonable as they currently are now.
 - Trash: Keep fee under \$5 per household. Billing included with water would be appropriate. Apartments should be included at a lesser rate.
 - Comm Park: Fees would still be passed onto consumers.
 - Beach/Bay: OK, but county residents could possibly get a sticker that exempts them from the fee. Thus, the fees would directed target visitors.
 - False Fire: Should be applied per household.
 - Corp – No, weak idea
 - Sale/Lease: Should be handled on a case-by-case basis.
- Name Unknown
 - Sales/Use: Not going to happen.
 - Bus: It is necessary to know more about the impact the tax would have. Businesses would like something in return (e.g. permit process will be easier, etc.)
 - Trash: Not really fair. There needs to be a debate about who pays, and who doesn't pay.
 - Comm: Good luck getting more money from the parking companies.
 - Beach/Bay: Target visitors.
 - False Fire: Fee should be per day. Give people an opportunity (a week) to correct the problem.
 - Corp: Somewhat tacky.
 - Sale/Lease: Huge problem. There are many properties city owns and doesn't collect property taxes on. They could be sold and generate more revenue.
- Michael Baron
 - Not impressed with any of these measures
 - Sales/Use: Unemployment is going up, so there will not be more spending

- Bus: Does not think there should be more taxes on small businesses, but encourages an increased tax on mid/large businesses. Suggested penalties for employers with high turnover rates.
- Trash: Does not think these fees are going to help with local investments in family wage jobs for the community.
- Comm: Build more parking spaces.
- Fire Alarm: No comment.
- Corp: Reward corporations for helping homeless problem. This problem needs more control mechanisms. Concept—getting more people off the street, will increase revenues in other areas.
- Sale/Lease: No comment.

ITEM-9 Closing remarks by Commission Chair

Bob Nelson
Chair